

VZCZCXYZ0000  
RR RUEHWEB

DE RUEHEG #0150 0291018  
ZNR UUUUU ZZH  
R 291018Z JAN 08  
FM AMEMBASSY CAIRO  
TO RUEHC/SECSTATE WASHDC 7996  
INFO RUEATRS/DEPT OF TREASURY WASHDC  
RUCPDOG/USDOC WASHDC 0374

UNCLAS CAIRO 000150

SIPDIS

SENSITIVE  
SIPDIS

STATE FOR NEA/ELA, NEA/RA  
USAID FOR ANE/MEA MCCLOUD AND DUNN  
TREASURY FOR MATHIASON AND CONNOLLY  
COMMERCE FOR 4520/ITA/ANESA/OBERG

E.O. 12958: N/A  
TAGS: [ECON](#) [EFIN](#) [ELAB](#) [EG](#)  
SUBJECT: RISING ANXIETY ABOUT PRICE INCREASES

REF: A. 07 Cairo 2887 B. Cairo 0090

-----  
Demonstrating Against Inflation  
-----

¶1. (U) In one clear manifestation of rising popular anxiety about price increases, large demonstrations were held recently in two Nile Delta cities, protesting increased prices of basic commodities such as bread, oil, beans and rice. On January 18, approximately 2000 protestors, including members of the Wafd party and the Kefaya ("Enough") movement, demonstrated in Tanta, reportedly protesting price increases, as well as corruption, "inherited power" (a veiled reference to Gamal Mubarak succeeding his father as president) and state security practices. Demonstrators allegedly raised anti-American banners and vowed to "never allow" the U.S. Ambassador to set foot again in Tanta (Note: The Ambassador has visited Tanta several times to attend the famous "moulid" festival held annually in the city. End note).

¶2. (U) According to press reports, on January 20, nearly 5000 people demonstrated in Mahalla el Kubra, site of large-scale labor demonstrations over the last several months (Ref A). Demonstrators protested high prices, chanting slogans against President Mubarak, his son Gamal, the government and security services. Various opposition parties including the Wafd party, the Ghadd party, Labor and Nasserite parties, as well as Kefaya, members of the Muslim Brotherhood (MB) and the Aafaq Socialist Center reportedly coordinated the demonstration. Initially, only some 300 people began the demonstration, but Mahalla residents and some textiles workers joined in, swelling the numbers to almost 5000, according to press and blog reports.

¶3. (U) The Kefaya movement also held a January 18 demonstration in front of Al Sayyeda Zainab mosque (in a poor neighborhood of Cairo). January 18 was chosen to commemorate the so-called "bread intifada" of January 18-19, 1977, when mass riots broke out in response to the President Sadat's attempt to cut food subsidies. Kefaya demonstrators reportedly protested the GOE's plans to replace in-kind subsidies with targeted monetary subsidies. 70-year old Kefaya leader Dr. Abdel Wahab El Messairy, his wife and other activists were detained, but later released, allegedly dropped on a remote roadside miles outside of Cairo.

-----  
Parliamentary Criticism  
-----

¶4. (U) Rising prices also prompted criticism of the Nazif administration from parliament. On December 31, 2007, 70 MB and opposition MPs called for a vote of no-confidence in Nazif's

government for failing to control prices. MPs demanded information on government measures to control prices and alleviate poverty. On January 15, MB and opposition MPs accused the government of incompetence and bias toward the upper classes. MB members said economic reforms have only benefited the rich and worsened poverty. They decried the "marriage" of authority and wealth, a reference to businessmen serving in the current government, which they claim has increased corruption. Several MPs characterized the recent labor strikes and demonstrations as a "revolution of the starving." MPs pointed to the budget deficit and public debt as examples of the government's incompetence, referring to a highly critical report on the state budget submitted to parliament by the Central Auditing Agency (Ref B).

-----  
Comment  
-----

15. (SBU) Historically, food prices are one of the few issues that gets the infamously passive Egyptian citizenry out into the streets. The government is keenly aware of the potential for widespread discontent with rising prices to erupt into mass street protests. The GOE will no doubt continue with an ongoing PR-effort asserting that the government and ruling party are focused on "social justice" and improving life for Egypt's poor. It is difficult to gauge whether such a campaign will do much to quiet the concerns of Egyptians feeling the squeeze of food prices.  
JONES